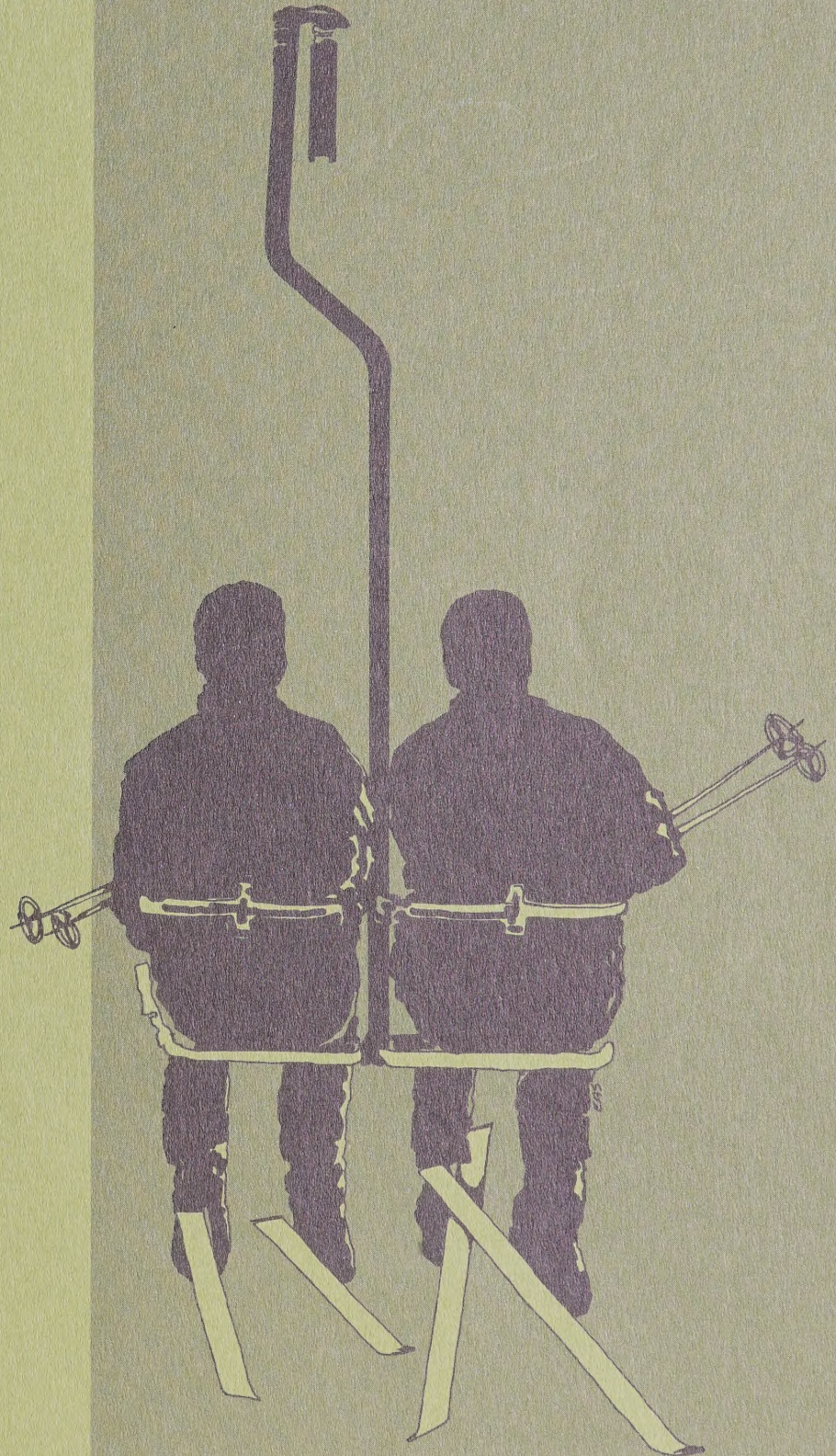


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CanCorp

**GARIBALDI
LIFTS
LIMITED
ANNUAL REPORT
1971**





President's Report

It is a pleasure to report that the fiscal year, January 1 to December 31, 1971, showed marked improvements in every category. Revenue and profit increased materially. While attendance was low in the first quarter because of poor weather conditions, the rate of growth was so sharp in the second quarter that we established new attendance records. Snow and skiing conditions were excellent and we showed a significant increase in attendance almost matching our record year of 1970. This is the more remarkable because, as you will recall from the interim report of June 30, 1971, we got off to a slow start at the beginning of the year.

INCREASED ATTENDANCE

During November and December of 1971, we enjoyed good snow and weather conditions and attendance again rose markedly over previous years. The net result was that we recorded increases in both day ticket and annual pass sales for the fiscal year. More and more skiers are being attracted to Whistler every year because of our consistently good snow conditions and our open Alpine ski areas which are outstanding in this part of the world. However, unquestionably a large part of last season's growth was due to our effective promotion of mid-week skiing. On most weekends and holidays, the lift system worked to capacity.

Another reason for the increase in our attendance is the fact that Whistler Mountain is becoming better known throughout the world. In addition to publicity in the ski industry press, there have been numerous articles in California newspapers and magazines, one of our primary marketing areas. Also we are winning international recognition with articles such as the four-page full color spread in *Sports Illustrated* magazine of December 6, 1971, and an article in the prestigious *New York Sunday Times*; in passing, we should not forget our own *Garibaldi's Whistler News*, published three times a season with ten thousand copies per issue.

Whistler received important local recognition with articles in the *Vancouver Sun* and *Province*. It is our objective to obtain more coverage of this kind in the local press because the Lower Mainland will continue to be our major market for some time to come.

SKI CHARTERS COME TO WHISTLER


The highly successful series of Ski-Can charters from Toronto and Montreal in the '71/'72 season, has clearly demonstrated the popularity of Whistler Mountain with ski enthusiasts in eastern Canada. However, these relatively modest charter flights, six in number throughout the season, with approximately 92 skiers per charter, occupied all hotel accommodation in the valley.

Major carriers such as Air Canada, are anxious to bring eastern ski tours to Whistler. CPAir seeks ways and means of opening up the lucrative California market. Inquiries have been received from Japanese groups. But lack of a major resort hotel in the valley makes it impossible to plan for these larger groups and no serious attempt to expand Whistler's appeal to other parts of Canada and the world can be contemplated until such a hotel is built.

OPERATIONS

Returning to the mountain itself and our operations, the results of our extensive program of summer grooming are most noticeable and have attracted much favourable comment. The runs that particularly show the effects of this treatment are the Ego Bowl, Olympic Run and Pony Trail and it is significant that these have now become the most popular ski areas. Because of our additional snow packing machinery, slopes receive round-the-clock care and attention under our packing program and are in good condition throughout the skiing season.

We are cognizant that one of our major problems at Whistler is the limited gondola capacity which creates long waiting on busy days. We are constantly striving to alleviate this problem and in the 1971 season we improved our loading card system which made it easier for skiers to pick their loading times on busy



days, thereby spreading the uphill load over more hours so that each skier has to wait less time to get on the mountain. Once on the mountain, however, the lift system can handle the largest crowds that can be accommodated through the access system, without undue delay. On top of the mountain a traffic control board shows the skier what the traffic situation is, so that he can plan accordingly.

GROWTH

While a steady annual growth in the skiing public will mean sustained pressure on our facilities and our operations in the years ahead, we are confident that with careful planning we will be able to handle the increases. Of great interest to us, and a subject for careful study, are important changes in the pattern of skiing and in the life style of skiing families which has been opened up by Whistler. Increasing leisure time in all walks of life and changes in work habits have made it possible for a great number of people to participate in all forms of sporting and leisure activities which were once closed to them because of time constraints. The growth of business on local mountains during the week is evidence of this, and while we have enjoyed our share of this business, the potential for mid-week business at Whistler Mountain is great. We are only on the threshold of this growth in leisure time activity.

Of equal interest, though less spectacular as a factor in our future growth is the change in life style of many Lower Mainland families who now maintain a "second home" at Whistler. Sleeping accommodation for thousands of people is now available in the condominiums, apartments and houses which have been constructed as a direct result of the Whistler Mountain development. During the skiing season all this accommodation will be filled to capacity.

FINANCIAL

Turning to financial matters, comparative revenue from operations increased from \$844,981 in 1970 to \$957,279 in 1971, or an increase of better than 13%. Income before deferred income taxes, increased by over 48% and net income for the year increased by 34.6%.

From the Statement of Source and Application of Funds, however, it will be seen that the flow of cash over and beyond the cost of operating the company, amounted to \$340,323. Since, during the year, a minimal amount of \$135,431 of this sum was applied to non-operating items and dividends, our working capital position improved by a healthy \$204,892.

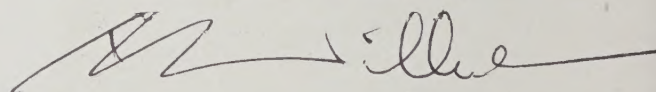
Again, it is gratifying to report that, as in 1970, our equipment functioned satisfactorily. Staff training has continued, and our staff-to-customer relations have continued to show improvement. On behalf of the Board of Directors, a vote of thanks is extended to the staff for a highly successful year in terms of customer relations as well as all phases of the operation.

EXPANSION PLANS

All preliminary work, clearing and grading was completed in the summer of 1971 for the construction of two double high-capacity chair lifts. The construction contract has now been let for their completion. The first lift is to be built parallel to the gondola and the second, from the mid-station to a knoll at the top of the downhill run at the 5,500 ft. elevation immediately north of the Red Chair lift. It is anticipated that this greatly increased lift capacity will solve up-hill loading problems. The upper lift will also open up spectacular new ski terrain which should prove popular for all categories of skiers, from novice to expert. We will continue our program of improving runs wherever possible and proceed with plans for future expansion and development on the mountain.

With our strong growth pattern each year, we are confident that the level of operation and earnings will show steady increase.

On behalf of the Board of Directors,



President.





GARIBALDI LIFTS LTD.

Balance Sheet

as at December 31, 1971

A S S E T S		1971	1970
CURRENT ASSETS:			
Cash		\$ 72,211	\$ 52,424
Accounts receivable		23,680	12,057
Prepaid expenses		2,851	536
		<hr/>	<hr/>
		98,742	65,017
INVESTMENT—Whistler Mountain Water Works Ltd.—at cost		10,403	10,403
		<hr/>	<hr/>
PROPERTY, PLANT AND EQUIPMENT—at cost:			
Transportation system, buildings and equipment	\$2,400,198		
Less: Accumulated depreciation and amortization	652,146		
	<hr/>		
	1,748,052		
Land	39,029		
	<hr/>		
		1,787,081	1,849,829
		<hr/>	<hr/>
		\$1,896,226	\$1,925,249
		<hr/>	<hr/>

NOTE: The accompanying notes form an integral part of this and related statements.

Auditors' Report

CAMPBELL, SHARP, NASH & FIELD

Chartered Accountants

999 West Pender Street, Vancouver, B.C.

To the Members,
Garibaldi Lifts Ltd.,
Vancouver, B.C.

We have examined the balance sheet of Garibaldi Lifts Ltd., as at December 31, 1971, and the retained earnings, income and source and application of working capital statements for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these statements present fairly the financial position of the company as at December 31, 1971, and the results of its operations and the source and application of its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change set forth in Note 3 to the financial statements with which change we concur.

CAMPBELL, SHARP, NASH & FIELD,
Chartered Accountants.

LIABILITIES

CURRENT LIABILITIES:

Bank loan—Secured (Note 1)
Accounts payable and accrued expenses
Deferred revenue (Note 3)
Term indebtedness—Current portion

TERM INDEBTEDNESS—9% due 1974, less current portion
DEFERRED INCOME TAXES (Note 4)

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 2)

Authorized

10,000 Class "A" shares of \$100 par value
15,000 Common Shares of no par value

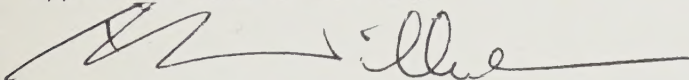
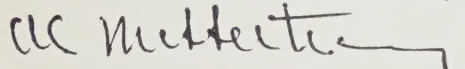
Issued

6,400 Class "A" shares of \$100 par value 640,000
6,713 Common Shares of no par value 631,300

1,271,300
83,894

RETAINED EARNINGS

Approved on behalf of the Board:

 Director
 Director

GARIBALDI LIFTS LTD.

Retained Earnings Statement

for the year ended December 31, 1971

BALANCE—Beginning of year—as previously stated
DEDUCT: Prior years' adjustment deferral of season pass revenue
net of income taxes (Note 3)

BALANCE—Beginning of year—restated
ADD: Net income for the year

DEDUCT: Class "A" share dividend

BALANCE—End of year

NOTE: The accompanying notes form an integral part
of this and related statements.

	1971	1970
\$	57,000	\$ 255,000
	116,731	160,878
	183,964	112,984
	10,000	10,000
	<u>367,695</u>	<u>538,862</u>
	20,000	30,000
	<u>153,337</u>	<u>58,037</u>

1,355,194	1,298,350
<u>\$1,896,226</u>	<u>\$1,925,249</u>

	1971	1970
\$	81,950	\$ 32,130
	54,900	39,067
	<u>27,050</u>	<u>(6,937)</u>
	88,844	65,987
	<u>115,894</u>	<u>59,050</u>
	32,000	62,000
	<u>\$ 83,894</u>	<u>\$ 27,050</u>

GARIBALDI LIFTS LTD.

Income Statement

for the year ended December 31, 1971

REVENUE FROM OPERATIONS (Note 3)

DEDUCT: OPERATING AND ADMINISTRATIVE EXPENSES:

Administration
Advertising and promotion
Equipment maintenance and operation
Interest—Current
 —Long term debt
Legal and audit
Salaries, wages and employee benefits
Taxes and insurance
Utilities
Depreciation and amortization

INCOME BEFORE DEFERRED INCOME TAXES

DEDUCT: Deferred income taxes (Note 4)

NET INCOME BEFORE EXTRAORDINARY ITEM

ADD: Extraordinary item arising from income tax reduction
 realized on the carry forward of losses

NET INCOME FOR THE YEAR

NOTE: *The accompanying notes form an integral part
of this and related statements.*

1971	1970
\$ 957,279	\$ 844,981
32,992	27,806
33,683	18,085
165,978	170,195
14,421	16,438
2,887	3,768
7,625	8,361
291,924	269,326
51,601	46,468
28,857	20,045
143,167	140,465
773,135	720,957
184,144	124,024
95,300	63,761
88,844	60,263
	5,724
\$ 88,844	\$ 65,987

GARIBALDI LIFTS LTD.

Notes to Financial Statements

as at December 31, 1971

NOTE 1:

The bank loan is secured by a demand debenture in the amount of \$400,000, having a fixed and floating charge on all the real, moveable and immoveable property and rights of the company.

NOTE 2:

The class "A", non-voting and non-cumulative shares have special rights and restrictions as set forth in the Articles of Association of the company. Redeemable at a minimum price of \$105 per share they are preferred as to dividends up to \$5 per share. In the event that dividends are not paid for a period of five consecutive years the class "A" shares shall have voting rights.

GARIBALDI LIFTS LTD.

Source and Application of Working Capital Statement

for the year ended December 31, 1971

SOURCE OF WORKING CAPITAL:

Net profit before non-cash charges
Proceeds from sale of assets

1971	1970
\$ 335,781	\$ 267,685
4,542	2,371
<hr/>	<hr/>
340,323	270,056
<hr/>	<hr/>

APPLICATION OF WORKING CAPITAL:

Addition to property, plant and equipment
Transportation system and property improvements
Buildings
Equipment
Preferred share dividend
Reduction of term indebtedness

44,907	173,850
11,042	22,227
37,482	34,830
32,000	32,000
10,000	40,296
<hr/>	<hr/>
135,431	303,203
<hr/>	<hr/>

INCREASE (DECREASE) IN WORKING CAPITAL

WORKING CAPITAL DEFICIENCY—at beginning of year

204,892	(33,147)
473,845	440,698
<hr/>	<hr/>

WORKING CAPITAL DEFICIENCY—at end of year

\$ 268,953	\$ 473,845
<hr/>	<hr/>

NOTE: *The accompanying notes form an integral part of this and related statements.*

NOTE 3:

The revenue from season passes, previously taken into income on a cash basis, is now being taken into income monthly on an earned basis over the winter ski season. Twenty-five per cent of 1971-72 season pass revenue is taken into income in 1971 and seventy-five per cent is deferred to 1972.

The figures for the year ended December 31, 1970, have been restated to reflect this policy.

NOTE 4:

The tax allocation basis is utilized for accounting for income taxes. Capital cost claimed in excess of book depreciation has resulted in

current year's deferred tax of \$95,300 being recorded (1970—\$58,037).

NOTE 5:

The remuneration of directors, received as directors and as officers, amounted to \$20,000 (1970—\$20,000).

NOTE 6:

The company has issued a new \$1,000,000 debenture as at January 21, 1972, in favour of the Royal Bank of Canada to secure a line of credit of \$800,000 payable in five (5) equal annual instalments of \$160,000 each commencing May 1, 1973. Proceeds are to be used to further the company's development program.



**GARIBALDI
LIFTS
LIMITED**

837 WEST HASTINGS STREET,
VANCOUVER, BRITISH COLUMBIA

